



FEDERAL RESERVE SYSTEM

[Docket No. OP-1691]

Regulation Q; Regulatory Capital Rules: Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies

AGENCY: Board of Governors of the Federal Reserve System (Board).

ACTION: Notice.

SUMMARY: The Board is providing notice of the 2019 aggregate global indicator amounts, as required under the Board's rule regarding risk-based capital surcharges for global systemically important bank holding companies (GSIB surcharge rule).

DATES: 2019 aggregate global indicator amounts effective: **[INSERT DATE OF FEDERAL REGISTER PUBLICATION]**.

FOR FURTHER INFORMATION CONTACT: Juan Climent, Manager, (202) 872-7526, Sean Healey, Lead Financial Institution Policy Analyst, (202) 912-4611, or Christopher Appel, Senior Financial Institution Policy Analyst II, (202) 973-6862, Division of Supervision and Regulation or Mark Buresh, Senior Counsel, (202) 452-5270, or Mary Watkins, Senior Attorney, (202) 452-3722, Legal Division. Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551. For the hearing impaired only, Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Board's GSIB surcharge rule establishes a methodology to identify global systemically important bank holding companies in the United

States (GSIBs) based on indicators that are correlated with systemic importance.¹ Under the GSIB surcharge rule, a firm must calculate its GSIB score using a specific formula (Method 1). Method 1 uses five equally weighted categories that are correlated with systemic importance – size, interconnectedness, cross-jurisdictional activity, substitutability, and complexity – and subdivided into twelve systemic indicators. For each indicator, a firm divides its own measure of each systemic indicator by an aggregate global indicator amount. A firm’s Method 1 score is the sum of its weighted systemic indicator scores expressed in basis points. The GSIB surcharge for a firm is the higher of the GSIB surcharge determined under Method 1 and a second method, Method 2, which weights size, interconnectedness, cross-jurisdictional activity, complexity, and a measure of a firm’s reliance on wholesale funding (instead of substitutability).²

The aggregate global indicator amounts used in the score calculation under Method 1 are based on data collected by the Basel Committee on Banking Supervision (BCBS). The BCBS amounts are determined based on the sum of the systemic indicator scores of the 75 largest U.S. and foreign banking organizations as measured by the BCBS, and any other banking organization that the BCBS includes in its sample total for that year. The BCBS publicly releases these values, denominated in euros, each year. Pursuant to the GSIB surcharge rule, the Board publishes the aggregate global indicator amounts each year as denominated in U.S. dollars using the euro-dollar exchange rate provided by the BCBS.³ Specifically, the Board multiplied

¹ See 12 CFR 217.402, 217.404.

² Method 2 uses similar inputs to those used in Method 1, but replaces the substitutability category with a measure of a firm’s use of short-term wholesale funding. In addition, Method 2 is calibrated differently from Method 1.

³ 12 CFR 217.404(b)(1)(i)(B); 80 FR 49082, 49086-87 (August 14, 2015). In addition, the Board maintains the GSIB Framework Denominators on its website, available at <https://www.federalreserve.gov/bankinfo/basel/denominators.htm>.

each of the euro-denominated indicator amounts made publicly available by the BCBS by 1.1450, which was the daily euro to U.S. dollar spot rate on December 31, 2018, provided by the BCBS (as published by the European Central Bank, available at <http://www.ecb.europa.eu/stats/eurofxref/index.en.html>).

The aggregate global indicator amounts for purposes of the 2019 Method 1 score calculation under § 217.404(b)(1)(i)(B) of the GSIB surcharge rule are:

Aggregate Global Indicator Amounts in U.S. dollars (USD) for 2019

Category	Systemic indicator	Aggregate Global Indicator Amount (in USD)
Size	Total exposures	86,929,981,510,715
Interconnectedness	Intra-financial system assets	8,378,699,821,090
	Intra-financial system liabilities	9,423,444,832,391
	Securities outstanding	14,980,796,701,622
Substitutability	Payments activity	2,451,526,935,926,810
	Assets under custody	162,964,740,953,671
	Underwritten transactions in debt and equity markets	6,508,969,472,114
Complexity	Notional amount of over-the-counter (OTC) derivatives	606,648,652,426,571
	Trading and available-for-sale (AFS) securities	3,572,783,522,209
	Level 3 assets	530,724,384,529
Cross-jurisdictional activity	Cross-jurisdictional claims	21,901,114,980,308
	Cross-jurisdictional liabilities	18,341,219,019,191

Authority: 12 U.S.C. 248(a), 321-338a, 481-486, 1462a, 1467a, 1818, 1828, 1831n, 1831o, 1831p-l, 1831w, 1835, 1844(b), 1851, 3904, 3906-3909, 4808, 5365, 5368, 5371.

Board of Governors of the Federal Reserve System, December 16, 2019.

Ann Misback,

Secretary of the Board.

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